

NORWOOD KELLY O

Form 4

January 13, 2009

FORM 4
UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Check this box
if no longer
subject to
Section 16.
Form 4 or
Form 5
obligations
may continue.
See Instruction
1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF
SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934,
Section 17(a) of the Public Utility Holding Company Act of 1935 or Section
30(h) of the Investment Company Act of 1940

OMB APPROVAL

OMB
Number: 3235-0287
Expires: January 31,
2005
Estimated average
burden hours per
response... 0.5

(Print or Type Responses)

1. Name and Address of Reporting Person *
NORWOOD KELLY O

(Last) (First) (Middle)

1411 E MISSION AVE

(Street)

SPOKANE, WA 99202

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading
Symbol
AVISTA CORP [AVA]

3. Date of Earliest Transaction
(Month/Day/Year)
01/09/2009

4. If Amendment, Date Original
Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to
Issuer

(Check all applicable)

____ Director ____ 10% Owner
____X____ Officer (give title ____ Other (specify
below) below)

Vice President

6. Individual or Joint/Group Filing(Check
Applicable Line)
____X____ Form filed by One Reporting Person
____ Form filed by More than One Reporting
Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
Common Stock - Performance Shares	01/09/2009		M	4,602 A	<u>(1)</u> 6,768	D	
Common Stock - Performance Shares	01/09/2009		F	1,495 <u>(2)</u> D	\$ 19.15 5,273	D	
Common Stock - 2006 Restricted Stock Award	01/09/2009		S	109 <u>(3)</u> D	\$ 19.1 5,164	D	

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Common Stock held in 401(k) Investment Plan	9,208	I	by Trustee
Common Stock held by Spouse	3	I	by Spouse

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474
(9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. D S (I	
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Conversion of 2006 Performance Shares	(1)	01/09/2009		M	3,900	(1)	(1)	Common Stock	3,900

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
NORWOOD KELLY O 1411 E MISSION AVE SPOKANE, WA 99202			Vice President	

Signatures

/s/ Kelly O.
Norwood
01/13/2009
Date

Signature of
Reporting Person

Explanation of Responses:

- * If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Each performance share represented a contingent right to receive a share of Avista Common Stock upon Avista achieving a specified performance measure.
- (2) Shares sold to pay income tax on Performance Shares acquired on 1/9/2009.
- (3) Shares sold to pay income tax on final 1/3 of 2006 restricted shares that vested on 12/31/2008.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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